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Central Intelligence Bulletin

State Department review completed

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CHILE-US: Government wants talks with copper companies.

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CHILE-US: THE JUNTA GOVERNMENT WANTS TO BEGIN
SERIOUS NEGOTIATIONS WITH THREE US COPPER COMPANIES
WHOSE PROPERTIES WERE EXPROPRIATED BY THE ALLENDE
GOVERNMENT.

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FOREIGN MINISTRY ECONOMIC ADVISER ORLANDO SAENZ, WHO
ALREADY HAS MET WITH COMPANY REPRESENTATIVES, HAS
FORMULATED TENTATIVE PLANS AND HAS ASKED THE US EM-
BASSY TO FIND OUT HOW THE COMPANIES MIGHT REACT.

SAENZ BELIEVES THAT IT SHOULD NOT BE DIFFICULT
TO REACH AN AGREEMENT WITH THE CERRO CORPORATION
ALONG THE LINES OF AN ARRANGEMENT WORKED OUT BETWEEN
THE COMPANY AND THE ALLENDE GOVERNMENT BUT NEVER IM-
PLEMENTED. SAENZ HOPES TO COME TO TERMS WITH ANA-
CONDA THAT WOULD PROVIDE FOR TECHNICAL ASSISTANCE
AND THE COMPANY'S DEVELOPMENT OF AN UNEXPLOITED ORE
DEPOSIT.

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SAENZ SEES KENNECOTT AS HIS TOUGHEST CHALLENGE
AND APPEARS CONCERNED THAT THE COMPANY MAY STICK TO
ITS DEMAND FOR \$600 MILLION IN COMPENSATION. SAENZ
IS PREPARED TO REAFFIRM CHILE'S OBLIGATION ON AN
EXISTING \$80 MILLION NOTE AND TO OFFER ANOTHER \$80
MILLION.

THE JUNTA GOVERNMENT'S INTEREST IN SETTling
THE COPPER DISPUTES IS RELATED TO ITS NEED FOR TECH-
NICAL HELP IN RUNNING THE MINES, AS WELL AS TO ITS
DESIRE TO ENCOURAGE FOREIGN CREDITS AND INVESTMENT.

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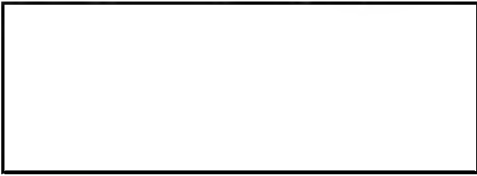
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